

PREFACE

The transition from a centrally planned to a market economy is not an easy process and has required strong political will and wide ranging economic reforms in the countries of Eastern Europe and the South Caucasus (EESC). The boom years from 2000 up to the global financial crisis masked, to a certain extent, inherent weaknesses of the region's economies in two key areas: social policy issues, such as health, education and gender equality, and private sector competitiveness. However, the 2009 crisis brought these persistent structural challenges once again to the forefront.

The study *Development in Eastern Europe and the South Caucasus* is the result of close co-operation between governments and private sector actors of the region, the OECD Development Centre and the OECD Directorate for Financial and Enterprise Affairs. Based on evidence from five country reviews, involving Armenia, Azerbaijan, Georgia, the Republic of Moldova and Ukraine, this study puts forward a number of recommendations to assist policy makers in formulating action plans for unleashing the development and competitiveness potential of the EESC region.

There is now an acute recognition of the need for governments to adopt coherent policies to meet a twin challenge: improving social services and supporting private sector development. Reforms in these two areas should go hand in hand. To sustain new industrial dynamism in the region, for instance, it is critically important to raise educational standards and adapt the priorities of educational establishments to the needs of the job market. This will require both central and local governments to address the skills gap that hampers economic progress and job creation in the EESC countries.

The recommendations presented here reflect the views expressed by economic actors through workshops and surveys conducted over the past year. We hope this study will make a useful contribution to the region's current endeavours for policy reform.

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